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REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES

Report of the Fifth Committee

Rapporteur: Mr. Djamel MOKTEFI (Algeria)

I. INTRODUCTION

1. At its 4th plenary meeting, on 19 September 1997, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its fifty-second session the item entitled "Report of the Secretary-General on the activities of the Office of Internal Oversight Services" and to allocate it to the Fifth Committee.

2. The Fifth Committee considered the item at its 22nd, 26th, 28th, 29th and 59th meetings, on 5, 10, 12 and 14 November 1997 and 27 March 1998. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/52/SR.22, 26, 28, 29 and 59).

3. For its consideration of the item, the Committee had before it the following documents:

(a) Report of the Secretary-General on enhancing the internal oversight mechanisms in operational funds and programmes (A/51/801);

(b) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services for the period from 1 July 1995 to 30 June 1996 (A/51/432);

(c) Note by the Secretary-General transmitting the comments of the Joint Inspection Unit on final reports produced by the Office of Internal Oversight Services (A/51/530 and Corr.1);

(d) Note by the Secretary-General transmitting the report of the Office of Internal Oversight Services for the period from 1 July 1996 to 30 June 1997 (A/52/426);

(e) Note by the Secretary-General transmitting the comments of the Joint Inspection Unit on final reports produced by the Office of Internal oversight Services (A/52/464).

II. CONSIDERATION OF A DRAFT DECISION PROPOSED BY THE CHAIRMAN

4. At its 59th meeting, on 27 March, the Chairman of the Committee orally proposed a draft decision entitled "Report of the Secretary-General on the activities of the Office of Internal Oversight Services", which the Committee adopted without a vote (see para. 5).

III. RECOMMENDATION OF THE FIFTH COMMITTEE

5. The Fifth Committee recommends to the General Assembly the adoption of the following draft decision:

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

The General Assembly decides to defer consideration of agenda item 143, entitled "Report of the Secretary-General on the activities of the Office of Internal Oversight Services", to the second part of its resumed fifty-second session.

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United Nations reform: measures and proposals

Core resources for development

Note by the Secretary-General

I. Background

1. The present note responds to paragraph 14 of General Assembly resolution 52/12 B of 19 December 1997, in which the Assembly requested the Secretary-General to submit, by the end of March 1998, for consideration by it, specific proposals for the establishment of a new system of core resources, taking into account the views expressed by Member States. The Assembly also recognized the urgent need to place resources for development on a predictable, continuous and assured basis, taking fully into account the principle of neutrality. The resolution was an initial response to the recommendation of the Secretary-General calling for a new system of core resources consisting of voluntary contributions and negotiated pledges to be appropriated in multi-year tranches, contained in his report of 14 July 1997 entitled "Renewing the United Nations: a programme for reform" (A/51/950).

2. The United Nations has inherent strengths and advantages as an instrument of multilateral development cooperation that cannot be duplicated. It is uniquely placed to address the numerous and diverse needs of the developing countries, as its universality, its governance structure and its global operation network allow it to act in a manner that responds to donor and programme countries alike. Moreover, the United Nations cannot exist as a strong force for peace unless it is also a strong force for development.

3. The signal strength and fundamental characteristics of operational activities for development, which were reaffirmed by Member States as recently as December 1997 in General Assembly resolution 52/203, are their universal, voluntary and grant nature, their neutrality and their multilateralism. More recently the Executive Board of the United Nations Development Programme/United Nations Population Fund (UNDP/UNFPA) reaffirmed that core resources are the bedrock of those activities (decision 98/3). Member States have repeatedly reaffirmed the vital importance of multilateralism based on those principles and

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core funding, even in the face of declining official development assistance. That reaffirmation is based on a shared vision of United Nations development assistance that helps the poorest countries and the most vulnerable and disadvantaged groups.

4. As the world faces new problems and challenges, the United Nations, through its global conferences and other negotiating mechanisms, has provided the international community with a unique forum for a new international consensus on current and future development challenges. No other global mechanism exists that allows countries to solve common problems on such a universal basis of equal participation. As the operational arm of that universal venture, development cooperation contributes directly to national and regional development and thus contributes to conditions of peace and stability and to combating poverty in all its destructive dimensions. Indeed, in the United Nations Member States have access to an unparalleled global network of country offices and adaptable programming and implementation approaches to assist the poorer Members in achieving their development objectives, while translating global goals into country-level action.

5. As the demands placed on United Nations development cooperation have increased, it has become vitally important for core resources to be placed on a predictable, continuous and assured basis, taking fully into account the principle of the neutrality of United Nations development cooperation. It is therefore essential to devise new and more effective funding strategies and modalities to generate resources commensurate with the mandates and capacity of the United Nations system.

II. Problems with current funding arrangements

6. Member States have long recognized the need to place the development activities of the United Nations on a sounder financial footing (as far back as 20 December 1977, the General Assembly, in the annex to its resolution 32/197, called for a real increase in the flow of resources on a predictable, continuous and assured basis). The issue of funding levels and funding modalities has generally been addressed as part of the overall process of restructuring and revitalization of the United Nations in the economic, social and related fields, that is, the governance and structure of relevant entities. Most recently, the General Assembly, by its resolution 50/227 of 24 May 1996, established the principle that the executive boards of the funds and programmes should review their respective resource requirements in accordance with policy parameters established by the Assembly with a view to taking decisions on applicable funding arrangements.

7. While the level of resources is first and foremost a matter of political determination by Member States, funding modalities vary in their degree of predictability. Unfortunately, the current funding arrangements, including the annual pledging conference for all United Nations operational activities for development, have proved to be deficient in this respect. While total funding from core and non-core resources has increased modestly in recent years, the share of core resources in overall resources has declined and now constitutes less than half of the total. Moreover, pledges and contributions are falling far short of agreed targets. The weakness of current voluntary funding inhibits the effective long-term planning that is essential for the design and implementation of long-term development assistance. Indeed, a major disadvantage of voluntary pledges lies in their volatility. Because they entail no element of obligation, they are also among the first targets in any budgetary reduction.

8. Although the funds and programmes have undergone significant reforms, have adopted a new governance structure and are implementing priority development programmes with a more coordinated and effective approach, core resources are still declining. A number of

reasons to explain this have been advanced, including the overall decline of levels of official development assistance; budgetary pressures on national budgets of key donor countries; so-called "donor fatigue"; an increasingly competitive environment; and the imposition of greater control over the end use of funds through more frequent recourse to earmarked funding.

9. In addition to these external factors, inherent weaknesses in the voluntary funding modality itself have been highlighted in a series of studies. They range from lack of predictability and binding pledges on the part of donors to the constant need to reassess and redirect priorities in order to gain the necessary support. Whatever the reasons, the simple fact is that the decline in core resources analysed in the reports of the Secretary-General submitted to the substantive session of the Economic and Social Council for 1997[1] and the report to the General Assembly on funding modalities of operational activities (A/52/431) has not been reversed. Moreover, the 1997 pledging conference confirmed the continuing softness in actual and prospective core funding for 1998. Current estimates for 1997 funding and projections for 1998 thus reveal a continuing reduction in contributions together with a small increase in non-core and supplementary funding, which now represent the largest component of total funding.

III. Current action by executive boards

10. After unsuccessful attempts at exploring new approaches to remedy problems with the voluntary systems, notably those made in the open-ended consultations (summarized in document A/49/749, annexes I and II), the General Assembly decided in its resolution 50/227 (annex, para. 12) that the executive boards of the funds and programmes should review their respective resource requirements in accordance with the relevant decisions taken by the Assembly and the Economic and Social Council and decide on the applicable funding arrangements. The boards are now engaged in this critically important phase of placing core resources on a predictable, continuous and assured basis.

11. Thus, in September 1997, the Executive Board of UNDP/UNFPA began to review for UNDP issues pertaining to a sustainable funding strategy on the basis of reports submitted by the Administrator. In its decision 98/3, the Board established an open-ended ad hoc working group on the UNDP funding strategy, which is meeting on a regular basis with the aim of completing its work by September 1998. In its decision 98/2, the Board also recognized the importance of non-core resources as a mechanism to enhance the capacity and supplement the means of UNDP and decided to keep the trends and impact of non-core resources under close review.

12. As regards UNFPA, its Board began reviewing resource issues in June 1997 on the basis of the intergovernmental agreement at the International Conference on Population and Development (1994) and the Board will decide on a time-frame for deliberations on the matter at its second regular session, in April 1998, on the basis of a conference room paper on the mobilization of resources. Similarly, the Board of the United Nations Children's Fund (UNICEF) considered the issue of resources and resource availability. The Board will hold inter-sessional consultations to prepare formal consideration of questions such as burden-sharing, multi-year pledges and efforts to stem declining contributions and other relevant issues at its annual session, in June 1998.

13. The Board of the World Food Programme (WFP) will review its experience with long-term financing policies in support of emergency assistance and development programmes, which are deeply linked at the country level. The results of the review and future

arrangements will be considered by the Board during 1998, with the aim of establishing resources and long-term financing policies that will provide WFP funding to achieve its mission.

14. The negotiations at the board level are expected to have a major bearing on the future course of resource mobilization and the question of new and innovative funding modalities for operational activities. A promising start has been made in the search for practical and workable solutions at the level of the boards. It is vitally important that this search be crowned with success: the future viability of multilateral cooperation is at stake.

15. In fulfilling their important responsibilities, the boards may wish to explore the acceptability of ideas that have been raised previously to strengthen the voluntary system without having to adopt major new modalities at the level of the General Assembly. Thus, renewed consideration might be given by Member States to making multi-year pledges of their voluntary contributions. Moreover, Governments could agree on relatively simple steps to negate the influence of downward fluctuation of currencies.

16. Multi-year, voluntary pledges could be based on the best 3-year average in the last 10 years as a starting point. Moreover, each Member State would be free to increase or decrease the pledge by, for example, giving at least one year's advance notice, thereby allowing boards and executive heads to plan accordingly.

17. In order to mitigate the effects of currency fluctuations, a system of maintaining commitments and payments at the United States dollar level, which is the currency for programme and administrative budget planning, could be introduced. Member States may also wish to consider the use of special drawing rights, authorized some time ago, but never used. This could help to eliminate the impact of currency fluctuations by reducing the magnitude of the swings. The use of special drawing rights would require that Member States adjust contributions, as necessary, to maintain the value of their pledges.

18. The timing of payments could be better organized to make funds available when needed for operational purposes. The early payment of contributions would ensure the timely availability of funds. Furthermore, Member States could provide a firm timetable for payment of contributions or issue letters of credit or similar financial instruments for the multi-year planning cycle, including promissory notes.

19. Greater predictability in the funding of core resources will increase the efficiency of the United Nations funds and programmes, avert discontinuity in supporting programme countries (thus enhancing quality programmes) and maintain a relationship of trust and reliability that is key to the United Nations role as an effective development partner. It will also lead to better planning and enhance management oversight by the boards. The practical steps mentioned above, including the use of promissory notes, would create the necessary conditions for greater predictability.

20. While all countries contribute to development cooperation, close to 90 per cent of core resources are provided by only 15 countries. This narrow donor base has remained unchanged for a number of years. Although efforts to increase core funding must, in the first instance, be directed at that group of countries, new relationships with new potentially important donors need to be forged, possibly within the context of the current negotiations in the executive boards. Countries with large and growing economies should be in a position to carry a larger share, which in turn could help stimulate further support by the traditional donors.

21. The magnitude of needs and targets established at the board level needs to be considered in the context of potential new, significant donors prepared to increase the overall level of resources. Clearly, the purpose of the current discussion should be not only to

provide predictability, but also to aim at meeting the increased levels of demands and needs, thus gradually increasing the level of resources, at least in nominal terms.

22. Ideally, the current voluntary funding system could also be strengthened by adopting a system of negotiated voluntary pledges that enjoy a measure of protection and would place United Nations development cooperation on a firmer and more stable footing. Without departing from the principle of voluntary funding, Member States could arrive at a firm compact on resource targets and a collective commitment to meet them. The agreed resource targets, resource frameworks and funding strategies would be endorsed by the respective boards. They would also adopt a negotiating process with respect to shared core funding timed to the country programming cycle of each fund. The decision of each board on funding requirements would form the basis of those negotiations, which could produce multi-year pledges. The first phase of negotiations would start on the basis of current patterns of funding by donor countries, although in a later phase changes might be introduced to broaden the range of donors, thus ensuring a more secure and sustainable level of funding. It is hoped that the use of negotiated voluntary pledges will provide the basis for steady increases on a predictable, continuous and assured basis for operational activities for development.

IV. Conclusions

23. At the root of an effective funding modality lies strong political commitment arrived at in establishing a new partnership among Member States and with the executive heads. Such a partnership is being forged through the various boards. While there is active consideration of the funding question of the boards in accordance with the provisions of resolution 50/227, it will be essential to achieve rapid and lasting solutions. Recent trends in core funding are disturbing and may eventually affect the capacity of the United Nations to discharge its development cooperation mandate precisely at a time of broad consensus achieved at the recent cycle of global conferences on the principal dimensions of United Nations system support to national and regional development.

24. Given the evident political commitment to finding solutions to the current funding problem, it is essential that immediate and effective steps be taken to achieve greater predictability through multi-year, voluntary pledges and to introduce acceptable safeguards against currency volatility. Such practical steps should not require difficult and long negotiations as would be needed for the creation of a new funding modality; all that is needed is a clear decision in favour of multilateralism and United Nations development cooperation. It should also be possible to place the current voluntary system on a more solid footing by exploring additional, innovative funding avenues. Various proposals have been advanced to improve and possibly to change the present funding system, and their relative merits were explored previously; some, including greater access to private sources, may offer interesting possibilities for supplementing an effective voluntary system.

25. It bears recalling that Member States, in the annex to resolution 50/227, recognized that there was a need for a substantial increase in resources for operational activities for development and that efforts to mobilize the political will should be intensified in order to achieve that objective. Member States also stated in paragraph 3 of the annex to the resolution that there was an urgent need to strive for the fulfilment of the agreed target of 0.7 per cent of gross national product for official development assistance as soon as possible. Those solemn commitments must now be translated into concrete steps, first at the level of the boards and subsequently by a review of overall policy issues regarding modalities of funding of operational activities.

Notes

[1] E/1997/65 and Add. 1.

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United Nations reform: measures and proposals

Utilization of the Development Account

Note by the Secretary-General

I. Introduction

1. By its resolution 52/12 B of 19 December 1997, the General Assembly decided, *inter alia*, to establish in the programme budget for the biennium 1998-1999 a development account, and requested the Secretary-General to submit a report by the end of March 1998 identifying the sustainability of that initiative, as well as modalities of implementation, the specific purposes and the associated performance criteria for the use of such resources. It will be recalled that the Secretary-General's report of 14 July 1997 entitled "Renewing the United Nations: a programme for reform" (A/51/950) contained recommendations and actions (21 and 22) pertaining to the reduction of overhead costs and the Development Account. These were further elaborated upon in the report of the Secretary-General of 31 October 1997 entitled "Creating a dividend for development" (A/51/950/Add.5).

2. As stated in that report, the overall programme objectives and direction for the Development Account would be agreed by the General Assembly and the programming of such resources would focus on global, interregional and regional issues, on the premise that national development plans are addressed through other multilateral and bilateral programmes.

3. The report also noted that a coordinated and comprehensive set of proposals would be submitted to the General Assembly. And it indicated that the criteria for choosing activities would include that they be distinctive and further the Organization's development goals; finite and capable of completion within two bienniums; that they contain succinct objectives, measurable outcomes and clear performance indicators; and that they complement rather than substitute for existing programmes.

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II. Sustainability

4. The underlying assumption in the Secretary-General's proposal for the creation of a Development Account is that any gains achieved as a result of productivity improvements, such as streamlining and simplification of processes and procedures, would become a permanent component of the Account. Accordingly, once a productivity gain has been identified and achieved, approval by the General Assembly will be sought for the transfer of the associated resources into that Account under section 34, Development Account, of the programme budget. It would thus reflect a redeployment of productivity gains in the administrative areas to the Development Account. Over time, additional funds will be transferred from productivity gains until the Account reaches a level of $200 million. Reductions in administrative costs will be sought without reducing the ability of the Organization to deliver its mandated programmes. Each proposed programme budget will include, therefore, the amount approved for the Development Account in the previous programme budget, supplemented by any additional productivity gains achieved during the prior biennium together with any further prospective productivity gains anticipated in the forthcoming biennium. Once the target level of transfer is attained, the Account will become sustainable through the existing budget appropriation process.

III. Programme objectives and direction

5. Within the overall programme objectives and direction for the utilization of the Development Account as indicated in paragraph 11 of the report of the Secretary-General (A/51/950/Add.5), it is envisaged that the resources will be utilized:

(a) To assist in the promotion of development of developing countries in the context of globalization and increasing interdependence;

(b) To assist in the understanding by the international community of emerging challenges and persistent problems in global development by better analysis and better networking of experts so as to promote an enhanced appreciation of global economic and social issues;

(c) To assist developing countries in various aspects of the implementation of the global programmes and platforms of action, especially the follow-up to United Nations conferences.

IV. Principles governing utilization/performance criteria

6. The overall principles guiding the utilization of the Development Account, which will be the basis for formulating the performance criteria, are noted in the Secretary-General's report (A/51/950/Add.5). The proposals to be submitted will conform to the following general guidelines:

(a) The scope should be limited, confined to proposals that will show results within two bienniums;

(b) The focus of the proposal should be well-defined and its success should not depend on additional funds from other resources;

(c) In the absence of support from the Development Account the proposal would not be implemented;

(d) The proposal should offer low-cost solutions and once implemented should be able to generate other sources of finance or tie in with country-level operations undertaken by the United Nations system;

(e) The proposals should include a strong South-South cooperation content.

V. Modalities for implementation

7. The Development Account is part of the regular budget of the United Nations and the same modalities and procedures that govern the regular budget will govern the Development Account. The Secretary-General will present his proposals for the utilization for the funds in the Development Account for each biennium along with the budget proposals for that biennium. Specific projects would be implemented within the framework of the General Assembly's decisions on those proposals. For the programme budget for the biennium 1998-1999, an amount of $12.7 million has already been appropriated under section 34. Proposals for the utilization of this amount will be submitted subsequently to the General Assembly.

8. Because individual activities to be funded from the Development Account could extend over more than one biennium, the Secretary-General proposes that funds appropriated for the Account be treated as a multi-year project and any unexpected balance of appropriation for the Account at the end of the biennium be carried forward to succeeding bienniums, as is currently the case for construction projects and the Integrated Management Information System.

9. As stated in the report of the Secretary-General (A/51/950/Add.5), the Under-Secretary-General for Economic and Social Affairs will serve as the Programme Manager for the Development Account and will oversee its implementation. The Under-Secretary-General, in consultation with the Executive Committee on Economic and Social Affairs, will assist in the formulation of the Secretary-General's proposals for the utilization of the funds in the Development Account. The individual entities comprising the Executive Committee on Economic and Social Affairs will be responsible for the implementation of approved projects. In implementing the proposals, the entities will be guided by the relevant financial regulations and rules applicable to the funding of such activities under the regular budget and such other guidance the General Assembly may wish to provide.

10. Regular review, evaluation and monitoring of programme delivery will be undertaken. The Secretary-General will submit an annual report to the General Assembly on objectives and results achieved.

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A new concept of trusteeship

Note by the Secretary-General

1. In paragraph 85 of his report entitled "Renewing the United Nations: a programme for reform" (A/51/950), the Secretary-General proposed that the Trusteeship Council be reconstituted as the forum through which Member States exercise their collective trusteeship for the integrity of the global environment and common areas such as the oceans, atmosphere and outer space, and that the Trusteeship Council serve to link the United Nations and civil society in addressing those areas of global concern, which require the active contribution of public, private and voluntary sectors.

2. Over the years, it has become increasingly evident that issues relating to the integrity of the global environment and such common areas as oceans, atmosphere and outer space have a direct bearing on the future of all mankind. It is also evident that those issues need to be understood and addressed in a strategic and long-term perspective, bearing in mind their interrelationships. While a number of intergovernmental bodies and legal instruments have been put in place, especially following the United Nations Conference on Environment and Development, to address sustainable development and various aspects of the global environment and common areas, there is no high-level deliberative forum that could take a comprehensive, strategic and long-term view of global trends and provide policy guidance in those areas to the world community. A new high-level council with a well-defined mandate, that does not create overlaps or conflicts with existing intergovernmental bodies, could serve this purpose.

3. The present note is limited in scope as the Secretary-General, in line with action 12 of his report (A/51/950), has set up a Task Force to prepare proposals on environmental and human settlement areas. The Task Force will be chaired by the Executive Director of the United Nations Environment Programme and will include several eminent persons, including prominent representatives of civil society. The Task Force will have an opportunity to elaborate further on the Secretary-General's proposals for a new concept of trusteeship, as its terms of reference include, *inter alia*, the preparation of proposals, for consideration by the Secretary-General and subsequent submission to the General Assembly, on reforming

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and strengthening United Nations activities in the environmental and human settlement areas. Based on the work of the Task Force, it is envisaged that the proposal will be reviewed by the General Assembly at a later date.

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United Nations Reform: measures and proposals

A Millennium Assembly of the United Nations system (Special Commission) and a Millennium Forum

Note by the Secretary-General

1. The year 2000 constitutes a unique and symbolically compelling moment for Member States to articulate and affirm an animating vision for the United Nations in the new era. Accordingly, in his report entitled "Renewing the United Nations: a programme for reform" (A/51/950), the Secretary-General proposed that the session of the General Assembly in the year 2000 be designated "The Millennium Assembly", and that it include a summit segment that could be called "The Millennium Summit"; that a non-governmental Millennium Forum be held in conjunction with the Assembly; and that Member States consider convening a ministerial-level Special Commission to examine the relations among the various component parts of the United Nations system.

2. In its resolution 52/12 B of 19 December 1997, the General Assembly recognized the need to consider changes within the United Nations of a more fundamental nature than those encompassed by that resolution, and invited the Secretary-General to elaborate further his proposals in that regard. The present note contains the Secretary-General's elaborations concerning the General Assembly session in the year 2000.

Millennium Assembly

3. The Secretary-General recommends that the fifty-fifth session of the General Assembly be designated the Millennium Assembly and that a high-level segment be devoted to in-depth consideration of the theme "The United Nations in the twenty-first century". This high-level segment would be called the Millennium Summit. The integration of the Millennium Summit into the regular session of the Assembly would facilitate the participation of Heads of State and Government while maximizing continuity in the Assembly's normal programme of work.

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4. The Millennium Summit would be asked to provide guidance to the Organization for meeting the challenges of the new century. Fifty-five years after its founding, and in the context of a radically different world than existed even a mere decade earlier, what kind of United Nations do Member States desire? What substantive objectives are they prepared to support? In carrying out its missions, how should the United Nations relate to and interact with the increasingly densely populated universe of international institutions? An increasingly robust global civil society? Ever more integrated global markets and systems of production?

5. To facilitate focused discussions and concrete decisions at the Millennium Summit, the Secretary-General proposes to prepare a report on the Millennium Assembly's theme, "The United Nations in the twenty-first century". His report would be submitted to Member States by midsummer of the year 2000. It would draw on three main sources.

6. The first would be a series of informal events, organized in close cooperation with Member States, perhaps modelled on the World Hearings on Development held in New York from 6 to 10 June 1994 (see A/49/320, annex). They would involve Member States as well as non-state actors and would be convened in various regional centres around the world. The hope is that such events would serve as a source of innovative ideas regarding specific objectives the United Nations should strive to achieve in the decades ahead in the five core areas of its work: peace and security, economic and social affairs, development cooperation, humanitarian affairs and human rights.

7. Secondly, the fifty-fifth session of the General Assembly will be preceded by numerous events of a more specialized nature in the United Nations – taking stock of progress achieved in the wake of world conferences, for example, or examining sectoral issues, as in the case of the tenth session of the United Nations Conference on Trade and Development. The substantive results of those events need to be considered in a comprehensive manner and their implications for the overall structure and functioning of the United Nations system need to be spelled out systematically. The Millennium Summit and Assembly afford an opportunity for doing so. The Secretary-General's report would include a synthesis of the major substantive and institutional implications of the prior events for the work of the Organization as a whole.

8. Finally, the Secretary-General's report would draw on the results of consultations that are taking place within the Administrative Committee on Coordination, as described in the following section, concerning how to take maximum advantage of the many complementarities and synergies that exist within the United Nations system as a whole.

Special Commission

9. The decentralized system of United Nations agencies has built-in flexibility and also the advantage of engaging a very broad range of constituencies, within Governments as well as from civil society. At the same time, it remains unclear whether the unity of purpose and coherence of action that is necessitated by the new challenges facing the United Nations can be mustered within those arrangements.

10. An intensive process of consultations has been initiated within the Administrative Committee on Coordination to examine, among other issues, the impact of the reforms undertaken by each agency on the others and on their respective roles within the system, and the extent to which those reforms are contributing to the responsiveness of the system as a whole.

11. The Secretary-General recommends that the Millennium Assembly be asked to assess, in the light of the process within the Administrative Committee on Coordination, the extent

to which a clearer division of labour within the system is emerging through a sharpening of the mandates, competencies and comparative advantages of the component parts. This assessment should help to determine whether the present constitutional framework governing the agencies and their relationships with the United Nations is sufficiently flexible to adapt and respond to the challenges ahead.

12. The need for and feasibility of establishing a Special Commission to examine this constitutional framework, as outlined in the Secretary-General's reform report (A/51/950, para. 89), should be viewed in this context. If the need is determined to exist, the Millennium Assembly may wish to establish such a Commission.

Millennium Forum

13. If the United Nations is to continue to play a vital role in the century ahead, it is imperative that it benefit from the imagination and engage the support of the world's people. The Secretary-General has therefore proposed that non-governmental organizations and other civil society actors organize a Millennium Forum in connection with the Millennium Assembly, perhaps immediately preceding it. Indeed, consultations among non-governmental organizations towards that end have already begun. It may be desirable to establish liaison mechanisms with the non-governmental preparatory processes.

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United Nations reform: measures and proposals

Time limits of new initiatives "sunset" provisions

Note by the Secretary-General

1. The Secretary-General, in his report of 14 July 1997, entitled "Renewing the United Nations: a programme for reform" (A/51/950), recommended to the General Assembly that each initiative that involved new organizational structures and/or major commitments of funds be subjected to specific time limits, by which time it would be reviewed and renewed only by explicit action of the Assembly. In its resolution 52/12 B of 19 December 1997, the Assembly invited the Secretary-General to elaborate further his proposals and to present them to it by the end of March 1998. The present note responds to that invitation.

2. The idea of specific time limits, or "sunset" provisions, is intended to provide a specific time horizon for mandates, whereupon their continuation would require explicit renewal by the General Assembly. The purpose of sunset provisions is to strengthen the role and capacity of the Organization by focusing its efforts only on activities that have continuing relevance, usefulness and effectiveness.

3. Mandates emanating from resolutions and decisions of the General Assembly and other intergovernmental bodies are translated into programmes and activities, which are reflected in the medium-term plan and the relevant budgets. Review by the Assembly and other intergovernmental bodies to determine the continuing relevance and usefulness of mandated programmes and activities has been carried out within the established procedures for approving the medium-term plan and the programme budgets, in accordance with the Financial Regulations and Rules of the United Nations and the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation. In that connection, the Committee for Programme and Coordination has responsibility for assessing, *inter alia*, the results achieved from activities and the continuing validity of legislative decisions of more than five years' standing (Economic and Social Council resolution 2008 (LX), annex, para. 2 (a) (I)).

4. While current procedures exist for determining the continuing validity of legislative decisions, most mandated programmes and activities have not, in practice, been subjected

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to specific time limits. Some programmes and activities, of course, necessarily expire after the fulfilment of mandates, as has been the case of, for example, the Centre against Apartheid, the Office of the United Nations Commissioner for Namibia and the convening of major conferences. On the whole, however, there has been insufficient focus on the continuing relevance and effectiveness of mandated programmes and activities.

5. To determine relevance, effectiveness and impact of mandated programmes and activities, evaluation studies have been carried out on a regular basis and have been presented to the Committee for Programme and Coordination for its consideration. However, those evaluation studies have been primarily management-oriented, with recommendations focusing on needs assessment, programme design, problem solving, quality of outputs, timeliness, requirements of end-users and so on. While there have been recommendations for the cancellation of certain activities, generally at the output level (because of duplication, overlapping or rationalization), evaluation studies have not addressed the question of the continuing validity of the programme itself. There are obvious inherent difficulties with assessing the continuing validity of legislative mandates, given the diversity of views, concerns and priorities of Member States.

6. The purpose of the sunset provision, therefore, is to obtain the agreement of Member States at the outset by establishing, at the time of adoption by the relevant intergovernmental bodies of a mandate that involves new organizational structures and/or major commitments of funds, specific time limits for the implementation of that mandate. With such a provision, Member States and the Secretariat would be required to focus on the results to be achieved within a particular time-frame, after which the new initiative would terminate. In essence, unlike the current practice of continuing programmes and activities unless otherwise determined, the future practice would be that new initiatives of the General Assembly would have sunset provisions for the termination of those initiatives unless otherwise determined. The determination of continuing relevance and usefulness would be undertaken within the context of current procedures for the approval of the medium-term plan and programme budgets.

Recommendations

7. It is therefore recommended that the General Assembly endorse the proposal that each initiative that involves new organizational structures and/or major commitments of funds be subjected to time limits, which would be reflected, at the outset, in the relevant resolutions and decisions establishing that mandate. The Assembly may also wish to reaffirm the programme planning and budgetary process by which it would determine the extent to which results have been achieved and whether or not mandated programmes and activities would be continued or terminated.

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Note by the Secretary-General

Corrigendum

The title of document A/52/851 should read as above.

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United Nations reform: measures and proposals

The impact of the implementation of pilot projects on budgetary practices and procedures

Note by the Secretary-General

I. Introduction

1. This note is presented pursuant to section II, paragraph 11, of General Assembly resolution 52/220 of 22 December 1997, in which the Secretary-General was requested to present a report on the impact of the implementation of pilot projects on the budgetary practices and procedures as well as on the Financial Regulations and Rules of the United Nations.

2. The Secretary-General indicated in his report entitled "Renewing the United Nations: a programme for reform" (A/51/950) that he would take steps to delegate maximum authority, responsibility and full accountability to line managers for the management of human and financial resources (action 23). The Secretary-General has initiated pilot projects on delegation of authority, which will provide a practical context for greater delegation of authority and flexibility within existing rules and regulations. In response to section III, paragraph 72, of resolution 52/220, a report on the implementation of the pilot project at the Economic Commission for Latin America and the Caribbean will be submitted to the Commission at its twenty-seventh session for its final approval.

II. Framework for delegation of authority, responsibility and accountability

3. The General Assembly establishes the basic regulations for managing financial and human resources. The Secretary-General, in his capacity as the Chief Administrative Officer of the Organization, has the responsibility of implementing the regulations, including amplifying rules for specific resource management purposes.

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4. The Financial Regulations and Rules of the United Nations provide a legal framework for the Secretary-General's authority and responsibility in financial administration. Rule 101.1 states that "the Under-Secretary-General for Administration and Management shall be responsible for the administration of these Rules on behalf of the Secretary-General. The Under-Secretary-General may delegate authority under these Rules as appropriate to other officials". The authority for the administration of financial resources is, in practice, delegated to the Controller.

5. Similarly, authority for the management of staff is delegated to the Assistant Secretary-General for Human Resources. Under the pilot project, further authority has been given to programme and line managers in several areas of human resources management, such as promotion and placement up to the First Officer level, classification of General Service posts up to the G-6 level and administration of some allowances and staff entitlements. As requested by the General Assembly in section II, paragraph 6, of its resolution 51/226 of 3 April 1997, a report will be submitted to the Assembly at its fifty-third session on delegation of authority in human resources management.

III. Conclusions

6. It is, therefore, within the authority and responsibility of the Secretary-General, to delegate authority and responsibility to programme and line managers. Authority delegated in the context of implementing the pilot projects would not impact either the procedures or the existing Financial Regulations and Rules. As part of the management reform adopted by the General Assembly, it is the Secretary-General's intention to pursue delegation of authority as an instrument for management improvement. In the event of delegation beyond the authority of the Secretary-General, he will seek approval from the General Assembly.